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An Act To Include Fuel Economy when Calculating the Excise Tax on Motor Vehicles

CONCEPT DRAFT SUMMARY

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to amend the method of determining the rate of the excise tax imposed on motor vehicles to take into consideration the fuel economy of the vehicle. The manufacturer's suggested retail price, or "MSRP," would still be used to determine a portion of the tax but the remaining portion of the tax would be assessed according to a sliding scale based upon the median average miles per gallon of the vehicle, using the range posted for city and highway mileage, which, like the price, would be taken from the manufacturer's sticker. The new system would begin on January 1, 2008 and would be adjusted annually over a 6-year period as follows:

1. For the calendar year beginning January 1, 2008, the tax would be based 50% on the MSRP and 50% on fuel economy;
2. For the calendar year beginning January 1, 2009, the tax would be based 45% on the MSRP and 55% on fuel economy;
3. For the calendar year beginning January 1, 2010, the tax would be based 40% on the MSRP and 60% on fuel economy;
4. For the calendar year beginning January 1, 2011, the tax would be based 35% on the MSRP and 65% on fuel economy;
5. For the calendar year beginning January 1, 2012, the tax would be based 30% on the MSRP and 70% on fuel economy; and
6. For calendar years beginning on or after January 1, 2013, the tax would be based 25% on the MSRP and 75% on fuel economy.

The new system, from its inception in 2008, would be calculated to be revenue-neutral.